

## **FY 2026 Adequate Education Aid**

### **How the Cost of an Opportunity for an Adequate Education is Determined**

#### Students:

Adequacy Aid is calculated using the Average Daily Membership (ADM) of the students who reside within a municipality. Any full-time student K-12 enrolled in school for the entire year has an ADM of 1.00. If a student moves mid-year, they are counted as a fractional ADM in each municipality. Pursuant to statute, the previous school year ADM (2024-2025) is used in calculating the next fiscal year (FY 2026) adequacy aid.

The total ADM for a municipality consists of:

- Students who attended a school operated by their resident district.
- Students tuitioned by the resident district to a district-operated school in NH or another State.
- Students tuitioned by the resident district to a non-public school, such as a special education program.
- Preschool students are not included.
- Charter schools students are not included, except as provided for in RSA 194-B:11.
- Home school students enrolled in high school academic courses at the rate of 0.15 ADM per course.

#### Cost of Adequacy:

Effective July 1<sup>st</sup>, 2023, every year the base per pupil aid rate and additional rate for certain students will be increased by 2 percent each year. Previously, the rate adjustment was based on the consumer price index and occurred every other year. This is not the case anymore.

For 2026, the base per pupil rate is \$4,265.64 per ADM. Adequacy includes an additional rate for certain students as follows:

- \$2,392.92 for a free or reduced-price meal (F&R) eligible student. This eligibility determination is based on household income not participation in a lunch program. Students from households receiving TANF or SNAP are automatically eligible. Others are certified if parents/guardians provide income information.
- \$2,184.84 for a special education (SPED) student who has an individualized educational plan (IEP).
- \$832.32 for an English Language Learner (ELL) receiving English Language instruction. Students who have advanced to the monitoring stage are not included.

For each municipality, the cost of an opportunity for an adequate education is calculated by applying the base rate and applicable additional rates to the ADM of each student.

### **How Adequacy Grants are Determined**

### Statewide Education Property Tax Assessment:

Pursuant to Statute, the Department of Revenue Administration determines the minimum tax rate needed to raise at least \$363 million from the Statewide Education Property Tax (SWEPT) for the following school year. The tax rate, rounded to the nearest one-half cent, is applied to equalized valuations without utilities to achieve the minimum amount needed to be raised by the State. (RSA 76:3 and RSA 76:8). Municipalities collect the SWEPT and send the total assessment amount directly to its school district(s). Within cooperative districts the assessment amount is credited to the individual towns. While municipalities are responsible for collecting and distributing this tax revenue, SWEPT is a State tax, not a local tax. For FY2026, a tax rate of \$1.120 per thousand will be applied to April 1, 2023 equalized values.

### Extraordinary Needs Grant

The Extraordinary Needs Grant is an additional grant for municipalities based on the equalized property value over the number of F&R eligible students (EVFRP). The municipality's equalized valuation includes utilities, railroad properties, and payments in lieu of taxes. This equalized valuation measurement is divided by the number of F&R eligible students to get the EVFRP for each municipality. If the EVFRP is over \$6,866,640, then no Extraordinary Needs Grant will be awarded. If the EVFRP is under \$1,664,640, then the grant will be calculated by multiplying each F&R eligible pupil by \$11,500. A municipality with an EVFRP between \$1,664,640 and \$6,866,640 will have a grant equal to \$0.00221 for each dollar below \$6,866,640 per F&R ADM.

### Preliminary Grant Plus Extraordinary Needs Grant:

When the SWEPT assessment is subtracted from the cost of adequacy, the balance is the preliminary grant. Next, the Extraordinary Needs grant is added. If SWEPT is more than the cost of adequacy, then the preliminary grant is zero.

### New Hold Harmless:

In Fiscal Year 2025, the hold harmless grant was calculated and awarded to ensure the adequacy grant for a community was at least 104 percent of the Fiscal Year 2024 estimate of the adequacy grant as estimated by NHED on 11/15/2022. For Fiscal Year 2026, the hold harmless grant will be 80 percent of the amount provided in Fiscal Year 2025. No hold harmless grant is awarded to any community with a SWEPT higher than the calculated cost of an adequate education.

### Inclusion of Home-Schooled Course Credit:

Effective July 1, 2024, districts will receive adequacy for home-educated students taking courses within their district, regardless of the State appropriations. An ADM-R of 0.15 will be provided for each credit a home-educated student pursued at a district operated school.

### Final Grant:

A municipality's final grant is the sum of its preliminary and stabilization grants. For the final calculation in April 2026, the total grant will be no less than 95% of the November 15, 2024 estimate.

## **Publication and Payment Schedule**

### **Publication Schedule for Adequacy Aid:**

The first estimate is published on the November 15<sup>th</sup> that precedes the beginning of the fiscal year. ADM is estimated using data from the second preceding school year and applying adjustments for anticipated enrollment increases or decreases. This estimate is generally used to set school budgets.

The second estimate is made on September 1<sup>st</sup> of the fiscal year using preliminary ADM data for the previous school year. This estimate is used by the Department of Revenue Administration to set school tax rates.

The final calculation is usually made by March using the prior year's ADM that has been closely reviewed.

### **Grant Payment Schedule:**

- September 1<sup>st</sup> is 20 percent of your annualized adequacy grant.
- November 1<sup>st</sup> is 20 percent of your annualized adequacy grant.
- January 1<sup>st</sup> is 30 percent of your annualized adequacy grant.
- April 1<sup>st</sup> is 30 percent of your annualized adequacy grant or whatever percentage is need to ensure you are given your full adequacy amount, if ADM data has changed.